



State of California

**DEPARTMENT
OF CHILD
SUPPORT
SERVICES
(DCSS)**

LOCAL ASSISTANCE ADMINISTRATIVE COSTS AND COLLECTIONS ESTIMATES

**MAY 2003 REVISE
SFY 2003-04**



CALIFORNIA DEPARTMENT OF CHILD SUPPORT SERVICES

P.O. Box 419064, Rancho Cordova, CA 95741-9064



TO: RECIPIENTS OF THE MAY 2003 REVISE OF THE
2003-04 GOVERNOR'S BUDGET

FROM: ANNETTE SILER, CHIEF
Financial Services Branch

DATE: May 14, 2003

SUBJECT: LOCAL ASSISTANCE ESTIMATES

This memorandum transmits the May 2003 Revise local assistance estimates for the 2003-04 Governor's Budget for the California Department of Child Support Services (DCSS).

The May 2003 Revise covers fiscal years (FY) 2002-03 and 2003-04. It provides the estimates of the administrative costs for the local child support agencies as well as the detailed methodology for each estimate. It also provides the estimate of the child support collections and miscellaneous revenue to the General Fund. The total distributed child support collections and revenues are projected to be \$2.3 billion for FY 2002-03 and \$2.4 billion for FY 2003-04.

The material contained in the May 2003 Revise binder will also be available on the DCSS website: <http://www.childsup.ca.gov>. Should you have any questions, please contact the Financial Planning Section at (916) 464-5150.



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TABLE NUMBER 1
COST COMPARISON OF
2002-03 MAY REVISE TO 2002-03 APPROPRIATION
(in thousands)

Budget Item	2002-03 MAY REVISE					2002-03 APPROPRIATION					DIFFERENCES				
	Total	Federal	State	County	Reimb.	Total	Federal	State	County	Reimb.	Total	Federal	State	County	Reimb.
1 101 CHILD SUPPORT PROGRAM COSTS	1,075,712	643,909	431,803	0	0	974,893	629,535	345,037	0	321	100,819	14,374	86,766	0	-321
a Local Assistance Child Support Services *	581,814	339,627	242,187	0	0	537,527	281,899	255,307	0	321	44,287	57,728	-13,120	0	-321
b Child Support Collections Recovery Funds *	304,282	304,282	0	0	0	347,636	347,636	0	0	0	-43,354	-43,354	0	0	0
c Alternative Federal Penalty *	189,616	0	189,616	0	0	89,730	0	89,730	0	0	99,886	0	99,886	0	0
2 CHILD SUPPORT ADMINISTRATION 10.01	1,062,137	578,158	191,060	292,919	0	965,674	580,326	92,108	292,919	321	96,463	-2,168	98,952	0	-321
3 Local Child Support Agency Basic Costs	861,111	568,192	0	292,919	0	861,111	568,192	0	292,919	0	0	0	0	0	0
a Administration	749,780	494,714	0	255,066	0	749,780	494,714	0	255,066	0	0	0	0	0	0
b EDP M&O	111,331	73,478	0	37,853	0	111,331	73,478	0	37,853	0	0	0	0	0	0
c Federal Performance Basic Incentives *	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4 Data Reliability Audit	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
5 Improved Performance Incentives (FC 17706)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
6 EDP Conversion and Enhancements	4,246	2,802	1,444	0	0	6,995	4,617	2,378	0	0	-2,749	-1,815	-934	0	0
7 Alternative Federal Penalty	189,616	0	189,616	0	0	89,730	0	89,730	0	0	99,886	0	99,886	0	0
8 Health Insurance Incentives	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
9 Partners For Fragile Families Demonstration Project	300	300	0	0	0	300	300	0	0	0	0	0	0	0	0
10 Child Support Assurance Demo Project-Evaluation	0	0	0	0	0	321	0	0	0	321	-321	0	0	0	-321
11 Title IV-E Child Support Collections	6,864	6,864	0	0	0	7,217	7,217	0	0	0	-353	-353	0	0	0
12 CHILD SUPPORT INCENTIVES 10.02	0	52,176	240,743	-292,919	0	0	39,990	252,929	-292,919	0	0	12,186	-12,186	0	0
13 Basic Incentives	0	55,343	237,576	-292,919	0	0	39,990	252,929	-292,919	0	0	15,353	-15,353	0	0
14 Data Reliability Audit	0	-3,167	3,167	0	0	0	0	0	0	0	0	-3,167	3,167	0	0
15 Improved Performance Incentives (FC 17706)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
16 CHILD SUPPORT AUTOMATION 10.03	13,575	13,575	0	0	0	9,219	9,219	0	0	0	4,356	4,356	0	0	0
17 California Child Support Automation System	13,575	13,575	0	0	0	9,219	9,219	0	0	0	4,356	4,356	0	0	0
a State Disbursement Unit	517	517	0	0	0	517	517	0	0	0	0	0	0	0	0
b Child Support Enforcement	13,058	13,058	0	0	0	8,702	8,702	0	0	0	4,356	4,356	0	0	0

* Denotes a non-add item, which is displayed for information purposes only.

TABLE NUMBER 2
COST COMPARISON OF
2002-03 MAY REVISE TO 2002-03 NOVEMBER ESTIMATE
(in thousands)

Budget Item	2002-03 MAY REVISE					2002-03 NOVEMBER ESTIMATE					DIFFERENCES				
	Total	Federal	State	County	Reimb.	Total	Federal	State	County	Reimb.	Total	Federal	State	County	Reimb.
1 101 CHILD SUPPORT PROGRAM COSTS	1,075,712	643,909	431,803	0	0	1,077,505	642,685	434,499	0	321	-1,793	1,224	-2,696	0	-321
a Local Assistance Child Support Services *	581,814	339,627	242,187	0	0	579,062	332,442	246,299	0	321	2,752	7,185	-4,112	0	-321
b Child Support Collections Recovery Funds *	304,282	304,282	0	0	0	310,243	310,243	0	0	0	-5,961	-5,961	0	0	0
c Alternative Federal Penalty *	189,616	0	189,616	0	0	188,200	0	188,200	0	0	1,416	0	1,416	0	0
2 CHILD SUPPORT ADMINISTRATION 10.01	1,062,137	578,158	191,060	292,919	0	1,063,930	580,112	190,578	292,919	321	-1,793	-1,954	482	0	-321
3 Local Child Support Agency Basic Costs	861,111	568,192	0	292,919	0	861,111	568,192	0	292,919	0	0	0	0	0	0
a Administration	749,780	494,714	0	255,066	0	749,780	494,714	0	255,066	0	0	0	0	0	0
b EDP M&O	111,331	73,478	0	37,853	0	111,331	73,478	0	37,853	0	0	0	0	0	0
c Federal Performance Basic Incentives *	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4 Data Reliability Audit	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
5 Improved Performance Incentives (FC 17706)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
6 EDP Conversion and Enhancements	4,246	2,802	1,444	0	0	6,995	4,617	2,378	0	0	-2,749	-1,815	-934	0	0
7 Alternative Federal Penalty	189,616	0	189,616	0	0	188,200	0	188,200	0	0	1,416	0	1,416	0	0
8 Health Insurance Incentives	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
9 Partners For Fragile Families Demonstration Project	300	300	0	0	0	300	300	0	0	0	0	0	0	0	0
10 Child Support Assurance Demo Project-Evaluation	0	0	0	0	0	321	0	0	0	321	-321	0	0	0	-321
11 Title IV-E Child Support Collections	6,864	6,864	0	0	0	7,003	7,003	0	0	0	-139	-139	0	0	0
12 CHILD SUPPORT INCENTIVES 10.02	0	52,176	240,743	-292,919	0	0	48,998	243,921	-292,919	0	0	3,178	-3,178	0	0
13 Basic Incentives	0	55,343	237,576	-292,919	0	0	52,165	240,754	-292,919	0	0	3,178	-3,178	0	0
14 Data Reliability Audit	0	-3,167	3,167	0	0	0	-3,167	3,167	0	0	0	0	0	0	0
15 Improved Performance Incentives (FC 17706)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
16 CHILD SUPPORT AUTOMATION 10.03	13,575	13,575	0	0	0	13,575	13,575	0	0	0	0	0	0	0	0
17 California Child Support Automation System	13,575	13,575	0	0	0	13,575	13,575	0	0	0	0	0	0	0	0
a State Disbursement Unit	517	517	0	0	0	517	517	0	0	0	0	0	0	0	0
b Child Support Enforcement	13,058	13,058	0	0	0	13,058	13,058	0	0	0	0	0	0	0	0

* Denotes a non-add item, which is displayed for information purposes only.

TABLE NUMBER 3
COST COMPARISON OF
2003-04 MAY REVISE TO 2002-03 MAY REVISE
(in thousands)

Budget Item	2003-04 MAY REVISE						2002-03 MAY REVISE						DIFFERENCES					
	Total	Federal	State	County	Reimb.		Total	Federal	State	County	Reimb.		Total	Federal	State	County	Reimb.	
1 101 CHILD SUPPORT PROGRAM COSTS	1,062,297	623,061	438,915	0	321		1,075,712	643,909	431,803	0	0		-13,415	-20,848	7,112	0	321	
a Local Assistance Child Support Services *	552,835	322,177	230,337	0	321		581,814	339,627	242,187	0	0		-28,979	-17,450	-11,850	0	321	
b Child Support Collections Recovery Funds *	300,884	300,884	0	0	0		304,282	304,282	0	0	0		-3,398	-3,398	0	0	0	
c Alternative Federal Penalty *	208,578	0	208,578	0	0		189,616	0	189,616	0	0		18,962	0	18,962	0	0	
2 CHILD SUPPORT ADMINISTRATION 10.01	1,048,722	609,486	438,915	0	321		1,062,137	578,158	191,060	292,919	0		-13,415	31,328	247,855	-292,919	321	
3 Local Child Support Agency Basic Costs	825,020	599,715	225,305	0	0		861,111	568,192	0	292,919	0		-36,091	31,523	225,305	-292,919	0	
a Administration	709,658	523,576	186,082	0	0		749,780	494,714	0	255,066	0		-40,122	28,862	186,082	-255,066	0	
b EDP M&O	115,362	76,139	39,223	0	0		111,331	73,478	0	37,853	0		4,031	2,661	39,223	-37,853	0	
c Federal Performance Basic Incentives *	0	55,343	-55,343	0	0		0	0	0	0	0		0	55,343	-55,343	0	0	
4 Data Reliability Audit	0	0	0	0	0		0	0	0	0	0		0	0	0	0	0	
5 Improved Performance Incentives (FC 17706)	0	0	0	0	0		0	0	0	0	0		0	0	0	0	0	
6 EDP Conversion and Enhancements	14,803	9,771	5,032	0	0		4,246	2,802	1,444	0	0		10,557	6,969	3,588	0	0	
7 Alternative Federal Penalty	208,578	0	208,578	0	0		189,616	0	189,616	0	0		18,962	0	18,962	0	0	
8 Health Insurance Incentives	0	0	0	0	0		0	0	0	0	0		0	0	0	0	0	
9 Partners For Fragile Families Demonstration Project	0	0	0	0	0		300	300	0	0	0		-300	-300	0	0	0	
10 Child Support Assurance Demo Project-Evaluation	321	0	0	0	321		0	0	0	0	0		321	0	0	0	321	
11 Title IV-E Child Support Collections	0	0	0	0	0		6,864	6,864	0	0	0		-6,864	-6,864	0	0	0	
12 CHILD SUPPORT INCENTIVES 10.02	0	0	0	0	0		0	52,176	240,743	-292,919	0		0	-52,176	-240,743	292,919	0	
13 Basic Incentives	0	0	0	0	0		0	55,343	237,576	-292,919	0		0	-55,343	-237,576	292,919	0	
14 Data Reliability Audit	0	0	0	0	0		0	-3,167	3,167	0	0		0	3,167	-3,167	0	0	
15 Improved Performance Incentives (FC 17706)	0	0	0	0	0		0	0	0	0	0		0	0	0	0	0	
16 CHILD SUPPORT AUTOMATION 10.03	13,575	13,575	0	0	0		13,575	13,575	0	0	0		0	0	0	0	0	
17 California Child Support Automation System	13,575	13,575	0	0	0		13,575	13,575	0	0	0		0	0	0	0	0	
a State Disbursement Unit	517	517	0	0	0		517	517	0	0	0		0	0	0	0	0	
b Child Support Enforcement	13,058	13,058	0	0	0		13,058	13,058	0	0	0		0	0	0	0	0	

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TABLE NUMBER 4
COST COMPARISON OF
2003-04 MAY REVISE TO 2003-04 GOVERNOR'S BUDGET
(in thousands)

Budget Item	2003-04 MAY REVISE					2003-04 GOVERNOR'S BUDGET					DIFFERENCES				
	Total	Federal	State	County	Reimb.	Total	Federal	State	County	Reimb.	Total	Federal	State	County	Reimb.
1 101 CHILD SUPPORT PROGRAM COSTS	1,062,297	623,061	438,915	0	321	1,058,070	619,487	438,262	0	321	4,227	3,574	653	0	0
a Local Assistance Child Support Services *	552,835	322,177	230,337	0	321	545,822	314,339	231,162	0	321	7,013	7,838	-825	0	0
b Child Support Collections Recovery Funds *	300,884	300,884	0	0	0	305,148	305,148	0	0	0	-4,264	-4,264	0	0	0
c Alternative Federal Penalty *	208,578	0	208,578	0	0	207,100	0	207,100	0	0	1,478	0	1,478	0	0
2 CHILD SUPPORT ADMINISTRATION 10.01	1,048,722	609,486	438,915	0	321	1,044,495	605,912	438,262	0	321	4,227	3,574	653	0	0
3 Local Child Support Agency Basic Costs	825,020	599,715	225,305	0	0	825,020	597,956	227,064	0	0	0	1,759	-1,759	0	0
a Administration	709,658	523,576	186,082	0	0	709,658	521,817	187,841	0	0	0	1,759	-1,759	0	0
b EDP M&O	115,362	76,139	39,223	0	0	115,362	76,139	39,223	0	0	0	0	0	0	0
c Federal Performance Basic Incentives *	0	55,343	-55,343	0	0	0	53,584	-53,584	0	0	0	1,759	-1,759	0	0
4 Data Reliability Audit	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
5 Improved Performance Incentives (FC 17706)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
6 EDP Conversion and Enhancements	14,803	9,771	5,032	0	0	12,054	7,956	4,098	0	0	2,749	1,815	934	0	0
7 Alternative Federal Penalty	208,578	0	208,578	0	0	207,100	0	207,100	0	0	1,478	0	1,478	0	0
8 Health Insurance Incentives	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
9 Partners For Fragile Families Demonstration Project	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
10 Child Support Assurance Demo Project-Evaluation	321	0	0	0	321	321	0	0	0	321	0	0	0	0	0
11 Title IV-E Child Support Collections	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12 CHILD SUPPORT INCENTIVES 10.02	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
13 Basic Incentives	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
14 Data Reliability Audit	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
15 Improved Performance Incentives (FC 17706)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
16 CHILD SUPPORT AUTOMATION 10.03	13,575	13,575	0	0	0	13,575	13,575	0	0	0	0	0	0	0	0
17 California Child Support Automation System	13,575	13,575	0	0	0	13,575	13,575	0	0	0	0	0	0	0	0
a State Disbursement Unit	517	517	0	0	0	517	517	0	0	0	0	0	0	0	0
b Child Support Enforcement	13,058	13,058	0	0	0	13,058	13,058	0	0	0	0	0	0	0	0

* Denotes a non-add item, which is displayed for information purposes only.

CHILD SUPPORT PROGRAM REVENUE AND COLLECTIONS COMPARISONS

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CURRENT YEAR COMPARISONS:

Table 1.	2002-03 May Revise to 2002-03 Appropriation.....	May CY – App CY
Table 2.	2002-03 May Revise to 2002-03 November Estimate.....	May CY – Nov CY

BUDGET YEAR COMPARISONS:

Table 3.	2003-04 May Revise to 2002-03 May Revise.....	May BY – May CY
Table 4.	2003-04 May Revise to 2003-04 Governor's Budget.....	May BY – Gov BY

OTHER COMPARISONS:

Chart 1.	Child Support Total Projected Distributed Collections
Chart 2.	Child Support Total Distributed Collections Trend Analysis

TABLE NUMBER 1
REVENUE AND COLLECTIONS COMPARISON OF
2002-03 MAY REVISE TO 2002-03 APPROPRIATION
(in thousands)

Budget Item	2002-03 MAY REVISE					2002-03 APPROPRIATION					DIFFERENCES				
	Total	Federal	State	County	Other 1/	Total	Federal	State	County	Other 1/	Total	Federal	State	County	Other 1/
1 CS REVENUES, TRANSFERS AND COLLECTIONS	2,275,200	304,282	325,224	35,630	1,610,064	2,408,138	352,461	362,485	40,461	1,652,731	-132,938	-48,179	-37,261	-4,831	-42,667
2 CHILD SUPPORT PROGRAM COLLECTIONS	2,265,052	304,282	315,076	35,630	1,610,064	2,404,110	352,461	358,457	40,461	1,652,731	-139,058	-48,179	-43,381	-4,831	-42,667
3 Child Support Assistance Collections	654,988	304,282	315,076	35,630	0	751,379	352,461	358,457	40,461	0	-96,391	-48,179	-43,381	-4,831	0
4 Basic Collections	614,132	284,926	295,017	34,189	0	685,774	321,267	326,751	37,756	0	-71,642	-36,341	-31,734	-3,567	0
5 FTB NonTax Collections Program	39,322	18,243	18,890	2,189	0	60,917	28,537	29,026	3,354	0	-21,595	-10,294	-10,136	-1,165	0
6 Foster Care Collections Compromise (AB 1449)	-2,230	-633	-639	-958	0	-2,391	-659	-693	-1,039	0	161	26	54	81	0
7 California Insurance Intercept Project (CIIP)	3,764	1,746	1,808	210	0	7,079	3,316	3,373	390	0	-3,315	-1,570	-1,565	-180	0
8 Child Support NonAssistance Collections	1,459,802	0	0	0	1,459,802	1,475,779	0	0	0	1,475,779	-15,977	0	0	0	-15,977
9 Basic Collections	1,406,356	0	0	0	1,406,356	1,416,780	0	0	0	1,416,780	-10,424	0	0	0	-10,424
10 FTB NonTax Collections Program	45,920	0	0	0	45,920	45,842	0	0	0	45,842	78	0	0	0	78
11 California Insurance Intercept Project (CIIP)	7,526	0	0	0	7,526	13,157	0	0	0	13,157	-5,631	0	0	0	-5,631
12 Child Support Other Collections	150,262	0	0	0	150,262	176,952	0	0	0	176,952	-26,690	0	0	0	-26,690
13 \$50 State Disregard Payments to Families	27,569	0	0	0	27,569	26,667	0	0	0	26,667	902	0	0	0	902
14 Collections for Other States - Assistance	8,143	0	0	0	8,143	12,567	0	0	0	12,567	-4,424	0	0	0	-4,424
15 Collections for Other States - NonAssistance	103,118	0	0	0	103,118	118,605	0	0	0	118,605	-15,487	0	0	0	-15,487
16 Miscellaneous Collections 2/	11,432	0	0	0	11,432	19,113	0	0	0	19,113	-7,681	0	0	0	-7,681
17 REVENUES TRANFERS	-3,000	0	-3,000	0	0	-2,972	0	-2,972	0	0	-28	0	-28	0	0
18 Foster Parent Training Fund Transfer	-3,000	0	-3,000	0	0	-2,972	0	-2,972	0	0	-28	0	-28	0	0
19 Title IV-E Child Support Collections	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
20 MISCELLANEOUS REVENUES	13,148	0	13,148	0	0	7,000	0	7,000	0	0	6,148	0	6,148	0	0
21 Recovery of Excess Incentive Funds	13,148	0	13,148	0	0	7,000	0	7,000	0	0	6,148	0	6,148	0	0
22 County Share of Alternative Federal Penalty	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

1/ Other reflects collections that are paid to families and collections made in California on behalf of other states.

2/ Misc. Collections reflect Pass-On, Excess, and Medical Support Collections

TABLE NUMBER 2
REVENUE AND COLLECTIONS COMPARISON OF
2002-03 MAY REVISE TO 2002-03 NOVEMBER ESTIMATE
(in thousands)

Budget Item	2002-03 MAY REVISE					2002-03 NOVEMBER ESTIMATE					DIFFERENCES				
	Total	Federal	State	County	Other 1/	Total	Federal	State	County	Other 1/	Total	Federal	State	County	Other 1/
1 CS REVENUES, TRANSFERS AND COLLECTIONS	2,275,200	304,282	325,224	35,630	1,610,064	2,264,390	310,243	335,092	36,345	1,582,710	10,810	-5,961	-9,868	-715	27,354
2 CHILD SUPPORT PROGRAM COLLECTIONS	2,265,052	304,282	315,076	35,630	1,610,064	2,250,544	310,243	321,246	36,345	1,582,710	14,508	-5,961	-6,170	-715	27,354
3 Child Support Assistance Collections	654,988	304,282	315,076	35,630	0	667,834	310,243	321,246	36,345	0	-12,846	-5,961	-6,170	-715	0
4 Basic Collections	614,132	284,926	295,017	34,189	0	617,498	286,488	296,634	34,376	0	-3,366	-1,562	-1,617	-187	0
5 FTB NonTax Collections Program	39,322	18,243	18,890	2,189	0	48,806	22,643	23,445	2,718	0	-9,484	-4,400	-4,555	-529	0
6 Foster Care Collections Compromise (AB 1449)	-2,230	-633	-639	-958	0	-2,230	-633	-639	-958	0	0	0	0	0	0
7 California Insurance Intercept Project (CIIP)	3,764	1,746	1,808	210	0	3,760	1,745	1,806	209	0	4	1	2	1	0
8 Child Support NonAssistance Collections	1,459,802	0	0	0	1,459,802	1,424,582	0	0	0	1,424,582	35,220	0	0	0	35,220
9 Basic Collections	1,406,356	0	0	0	1,406,356	1,360,068	0	0	0	1,360,068	46,288	0	0	0	46,288
10 FTB NonTax Collections Program	45,920	0	0	0	45,920	56,995	0	0	0	56,995	-11,075	0	0	0	-11,075
11 California Insurance Intercept Project (CIIP)	7,526	0	0	0	7,526	7,519	0	0	0	7,519	7	0	0	0	7
12 Child Support Other Collections	150,262	0	0	0	150,262	158,128	0	0	0	158,128	-7,866	0	0	0	-7,866
13 \$50 State Disregard Payments to Families	27,569	0	0	0	27,569	27,569	0	0	0	27,569	0	0	0	0	0
14 Collections for Other States - Assistance	8,143	0	0	0	8,143	8,208	0	0	0	8,208	-65	0	0	0	-65
15 Collections for Other States - NonAssistance	103,118	0	0	0	103,118	110,749	0	0	0	110,749	-7,631	0	0	0	-7,631
16 Miscellaneous Collections 2/	11,432	0	0	0	11,432	11,602	0	0	0	11,602	-170	0	0	0	-170
17 REVENUES TRANFERS	-3,000	0	-3,000	0	0	-3,000	0	-3,000	0	0	0	0	0	0	0
18 Foster Parent Training Fund Transfer	-3,000	0	-3,000	0	0	-3,000	0	-3,000	0	0	0	0	0	0	0
19 Title IV-E Child Support Collections	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
20 MISCELLANEOUS REVENUES	13,148	0	13,148	0	0	16,846	0	16,846	0	0	-3,698	0	-3,698	0	0
21 Recovery of Excess Incentive Funds	13,148	0	13,148	0	0	10,692	0	10,692	0	0	2,456	0	2,456	0	0
22 County Share of Alternative Federal Penalty	0	0	0	0	0	6,154	0	6,154	0	0	-6,154	0	-6,154	0	0

1/ Other reflects collections that are paid to families and collections made in California on behalf of other states.

2/ Misc. Collections reflect Pass-On, Excess, and Medical Support Collections

TABLE NUMBER 3
REVENUE AND COLLECTIONS COMPARISON OF
2003-04 MAY REVISE TO 2002-03 MAY REVISE
(in thousands)

Budget Item	2003-04 MAY REVISE					2002-03 MAY REVISE					DIFFERENCES				
	Total	Federal	State	County	Other 1/	Total	Federal	State	County	Other 1/	Total	Federal	State	County	Other 1/
1 CS REVENUES, TRANSFERS AND COLLECTIONS	2,427,655	289,795	371,737	34,911	1,731,212	2,275,200	304,282	325,224	35,630	1,610,064	152,455	-14,487	46,513	-719	121,148
2 CHILD SUPPORT PROGRAM COLLECTIONS	2,382,781	300,884	315,774	34,911	1,731,212	2,265,052	304,282	315,076	35,630	1,610,064	117,729	-3,398	698	-719	121,148
3 Child Support Assistance Collections	651,569	300,884	315,774	34,911	0	654,988	304,282	315,076	35,630	0	-3,419	-3,398	698	-719	0
4 Basic Collections	608,128	280,179	294,013	33,936	0	614,132	284,926	295,017	34,189	0	-6,004	-4,747	-1,004	-253	0
5 FTB NonTax Collections Program	41,660	19,194	20,141	2,325	0	39,322	18,243	18,890	2,189	0	2,338	951	1,251	136	0
6 Foster Care Collections Compromise (AB 1449)	-3,865	-1,090	-1,110	-1,665	0	-2,230	-633	-639	-958	0	-1,635	-457	-471	-707	0
7 California Insurance Intercept Project (CIIP)	5,646	2,601	2,730	315	0	3,764	1,746	1,808	210	0	1,882	855	922	105	0
8 Child Support NonAssistance Collections	1,580,950	0	0	0	1,580,950	1,459,802	0	0	0	1,459,802	121,148	0	0	0	121,148
9 Basic Collections	1,521,013	0	0	0	1,521,013	1,406,356	0	0	0	1,406,356	114,657	0	0	0	114,657
10 FTB NonTax Collections Program	48,649	0	0	0	48,649	45,920	0	0	0	45,920	2,729	0	0	0	2,729
11 California Insurance Intercept Project (CIIP)	11,288	0	0	0	11,288	7,526	0	0	0	7,526	3,762	0	0	0	3,762
12 Child Support Other Collections	150,262	0	0	0	150,262	150,262	0	0	0	150,262	0	0	0	0	0
13 \$50 State Disregard Payments to Families	27,569	0	0	0	27,569	27,569	0	0	0	27,569	0	0	0	0	0
14 Collections for Other States - Assistance	8,143	0	0	0	8,143	8,143	0	0	0	8,143	0	0	0	0	0
15 Collections for Other States - NonAssistance	103,118	0	0	0	103,118	103,118	0	0	0	103,118	0	0	0	0	0
16 Miscellaneous Collections 2/	11,432	0	0	0	11,432	11,432	0	0	0	11,432	0	0	0	0	0
17 REVENUES TRANFERS	-11,089	-11,089	0	0	0	-3,000	0	-3,000	0	0	-8,089	-11,089	3,000	0	0
18 Foster Parent Training Fund Transfer	0	0	0	0	0	-3,000	0	-3,000	0	0	3,000	0	3,000	0	0
19 Title IV-E Child Support Collections	-11,089	-11,089	0	0	0	0	0	0	0	0	-11,089	-11,089	0	0	0
20 MISCELLANEOUS REVENUES	55,963	0	55,963	0	0	13,148	0	13,148	0	0	42,815	0	42,815	0	0
21 Recovery of Excess Incentive Funds	3,819	0	3,819	0	0	13,148	0	13,148	0	0	-9,329	0	-9,329	0	0
22 County Share of Alternative Federal Penalty	52,144	0	52,144	0	0	0	0	0	0	0	52,144	0	52,144	0	0

1/ Other reflects collections that are paid to families and collections made in California on behalf of other states.

2/ Misc. Collections reflect Pass-On, Excess, and Medical Support Collections

TABLE NUMBER 4
REVENUE AND COLLECTIONS COMPARISON OF
2003-04 MAY REVISE TO 2003-04 GOVERNOR'S BUDGET
(in thousands)

Budget Item	2003-04 MAY REVISE					2003-04 GOVERNOR'S BUDGET					DIFFERENCES				
	Total	Federal	State	County	Other 1/	Total	Federal	State	County	Other 1/	Total	Federal	State	County	Other 1/
1 CS REVENUES, TRANSFERS AND COLLECTIONS	2,427,655	289,795	371,737	34,911	1,731,212	2,385,603	298,495	376,340	35,428	1,675,340	42,052	-8,700	-4,603	-517	55,872
2 CHILD SUPPORT PROGRAM COLLECTIONS	2,382,781	300,884	315,774	34,911	1,731,212	2,336,165	305,148	320,249	35,428	1,675,340	46,616	-4,264	-4,475	-517	55,872
3 Child Support Assistance Collections	651,569	300,884	315,774	34,911	0	660,825	305,148	320,249	35,428	0	-9,256	-4,264	-4,475	-517	0
4 Basic Collections	608,128	280,179	294,013	33,936	0	607,818	280,036	293,863	33,919	0	310	143	150	17	0
5 FTB NonTax Collections Program	41,660	19,194	20,141	2,325	0	51,232	23,604	24,769	2,859	0	-9,572	-4,410	-4,628	-534	0
6 Foster Care Collections Compromise (AB 1449)	-3,865	-1,090	-1,110	-1,665	0	-3,865	-1,090	-1,110	-1,665	0	0	0	0	0	0
7 California Insurance Intercept Project (CIIP)	5,646	2,601	2,730	315	0	5,640	2,598	2,727	315	0	6	3	3	0	0
8 Child Support NonAssistance Collections	1,580,950	0	0	0	1,580,950	1,511,104	0	0	0	1,511,104	69,846	0	0	0	69,846
9 Basic Collections	1,521,013	0	0	0	1,521,013	1,439,998	0	0	0	1,439,998	81,015	0	0	0	81,015
10 FTB NonTax Collections Program	48,649	0	0	0	48,649	59,829	0	0	0	59,829	-11,180	0	0	0	-11,180
11 California Insurance Intercept Project (CIIP)	11,288	0	0	0	11,288	11,277	0	0	0	11,277	11	0	0	0	11
12 Child Support Other Collections	150,262	0	0	0	150,262	164,236	0	0	0	164,236	-13,974	0	0	0	-13,974
13 \$50 State Disregard Payments to Families	27,569	0	0	0	27,569	27,569	0	0	0	27,569	0	0	0	0	0
14 Collections for Other States - Assistance	8,143	0	0	0	8,143	8,085	0	0	0	8,085	58	0	0	0	58
15 Collections for Other States - NonAssistance	103,118	0	0	0	103,118	117,062	0	0	0	117,062	-13,944	0	0	0	-13,944
16 Miscellaneous Collections 2/	11,432	0	0	0	11,432	11,520	0	0	0	11,520	-88	0	0	0	-88
17 REVENUES TRANFERS	-11,089	-11,089	0	0	0	-6,653	-6,653	0	0	0	-4,436	-4,436	0	0	0
18 Foster Parent Training Fund Transfer	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
19 Title IV-E Child Support Collections	-11,089	-11,089	0	0	0	-6,653	-6,653	0	0	0	-4,436	-4,436	0	0	0
20 MISCELLANEOUS REVENUES	55,963	0	55,963	0	0	56,091	0	56,091	0	0	-128	0	-128	0	0
21 Recovery of Excess Incentive Funds	3,819	0	3,819	0	0	4,316	0	4,316	0	0	-497	0	-497	0	0
22 County Share of Alternative Federal Penalty	52,144	0	52,144	0	0	51,775	0	51,775	0	0	369	0	369	0	0

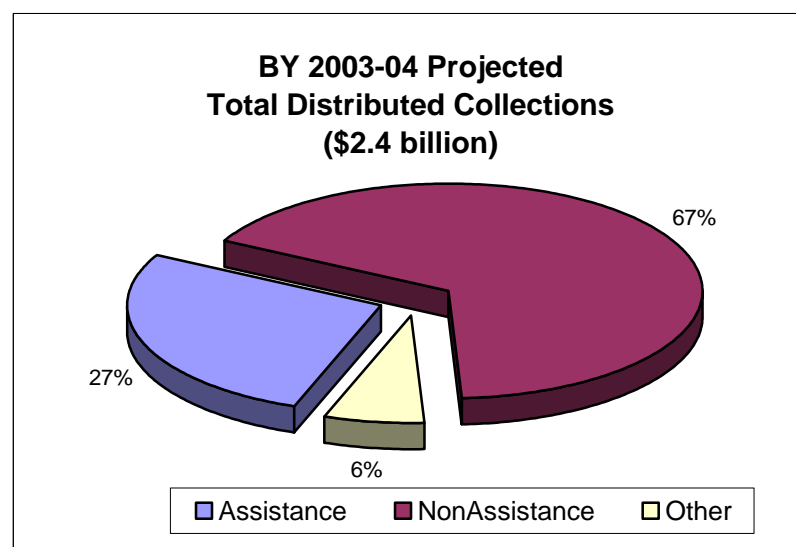
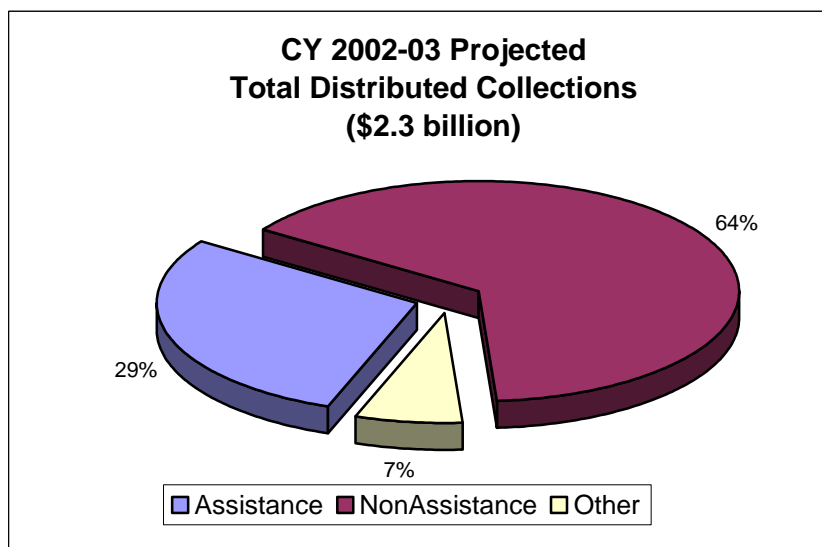
1/ Other reflects collections that are paid to families and collections made in California on behalf of other states.

2/ Misc. Collections reflect Pass-On, Excess, and Medical Support Collections

CHILD SUPPORT TOTAL PROJECTED DISTRIBUTED COLLECTIONS FOR FISCAL YEARS 2002-03 and 2003-04

The charts below display California's current year (CY) 2002-03 and budget year (BY) 2003-04 child support total collections that are distributed to the state as revenue (**Assistance**), to the families (**NonAssistance**), to other states and to families for the \$50 state disregard payments (**Other**).

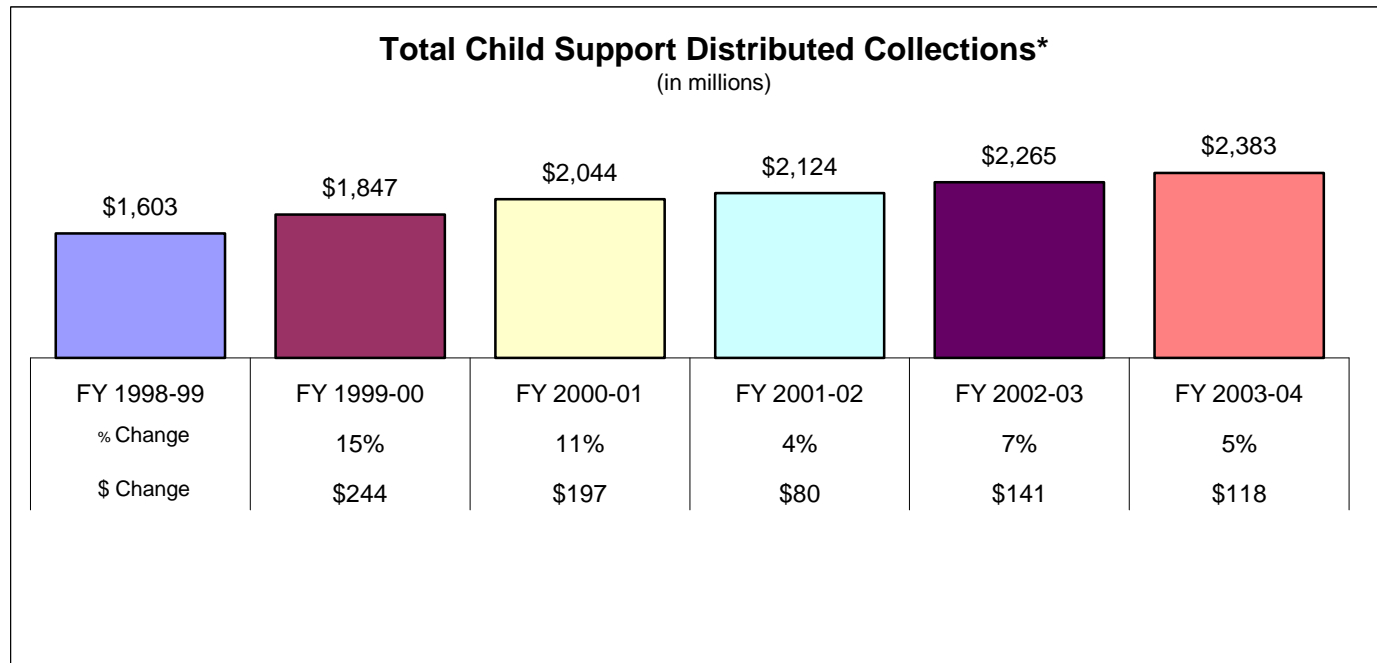
- **Assistance Collections (\$655 million CY, \$652 million BY)** are revenue to the federal, state, and county government which reflects basic collections and new premises. Basic collections (\$614 million CY, \$608 million BY) are the ongoing efforts of the local child support agencies (LCSA) to collect child support payments from noncustodial parents. New premises (\$41 million CY, \$43 million BY) are those collections that are associated with new enforcement activities that are above the basic ongoing functions of the LCSA, such as Franchise Tax Board Non-Tax Collections, Foster Care Collections Compromise and the California Insurance Intercept Project.
- **NonAssistance Collections (\$1.5 billion CY, \$1.6 billion BY)** are collections that are made on behalf of families and sent to them. These collections are comprised of basic collections (\$1.4 billion CY, \$1.5 billion BY) and new premises (\$53 million CY, \$60 million BY).
- **Other Collections (\$150 million both CY and BY)** are comprised of Assistance (\$8.1 million CY and BY) and NonAssistance (\$103 million CY and BY) collections that are made on behalf of other states. Other collections also include the \$50 State Disregard Payment to Families (\$28 million both CY and BY), which is the first \$50 of the current months child support payments collected and passed through to the custodial parents who are receiving assistance. Miscellaneous collections (\$11.4 million CY and BY) are also included in this category which reflect medical support, pass-on and excess collections.



CHILD SUPPORT TOTAL DISTRIBUTED COLLECTIONS TREND ANALYSIS FOR FISCAL YEARS 2002-03 and 2003-04

Total child support distributed collections have grown from \$1.6 billion in Fiscal Year (FY) 1998-99 to a projected level of \$2.4 billion in FY 2003-04. This represents a 49 percent overall growth rate.

The chart below reflects the actual and projected total distributed collections and growth by state fiscal years.



*Source: The collections data of prior years are from the CS 800 and 820 reports.

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Local Child Support Agency Basic Costs

DESCRIPTION:

This premise reflects funds for the local child support agency (LCSA) basic costs.

LCSA basic costs are comprised of two components, LCSA administrative costs and LCSA Electronic Data Processing (EDP) Maintenance and Operations (M&O). The LCSA's receive separate allocations for each component. LCSA administrative costs include county staff, overhead and state targeted programs for: Customer Service, Complaint Resolution/Fair Hearings, Quality Assurance Teams, Program Improvement Teams, Outreach, Training, and Compliance Review. The LCSA staff carry out the Child Support Enforcement Program under Title IV-D of the Social Security Act. Their administrative duties include case intake and development, collection and distribution of child support, court preparation to establish paternity and support obligations, and the enforcement of support obligations, including locating absent parents.

The purpose of the state targeted programs is to provide LCSAs with a permanent resource to address program policy, procedure and best practice issues as identified by the Department of Child Support Services (DCSS) and to improve program performance. It is the intent of DCSS to have available, within each LCSA, a resource that can be targeted to special program improvement efforts. Examples of such efforts include implementation of a customer service program, complaint resolution process, statewide uniform case closure policy, elimination of duplicate cases, and efforts to identify and eliminate causes for undistributed collections.

The LCSA EDP M&O costs include recurring and non-recurring costs that enable the LCSA's to maintain their interim automated system and to continue their work in collecting child support in their respective counties. All EDP M&O reflect the most recent As-Needed Advance Planning Document Update (APDU).

KEY DATA/ASSUMPTIONS:

- Authorizing statute: Family Code (FC) Section 17704(b), FC Section 17710(a), and Welfare and Institution Code Section 10085(a).
- The LCSAs nonfederal share of administration costs is equivalent to the level of federal and state basic incentives appropriated in the annual budget act.

Local Child Support Agency Basic Costs

METHODOLOGY:

Administration:

- For SFY 2002-03, the estimated LCSA administration cost of \$749,780,000 was based on the child support 13.6 percent incentive pool from the 2002-03 Appropriation, pursuant to FC 17704 (b)(2)(B)(i), less the EDP M&O costs. Additionally, the federal share was reduced by the Federal Parent Locator Services (FPLS) fees, \$415,000, which is not eligible for federal financial participation. As a result of the \$35.3 million reduction to the state share of incentives (13.6 percent incentive pool), the administrative cost was adjusted by \$35.3 million county share and \$68.5 million federal share to reflect the amount proposed in the Child Support Basic Incentives. This adjustment was a result of lower revenues and increased demands on State General Fund (SGF) and reflected a reasonable estimate of LCSA's expenditures.
- For SFY 2003-04, the administration cost of \$709,658,000 was based on the child support 13.6 percent incentive pool less the EDP M&O costs. The federal share was reduced by the FPLS fees, \$415,000. As a result of the \$37.1 million reduction to the state share of incentives (13.6 percent incentive pool), the administrative cost was adjusted by \$37,070,000 SGF and \$71,960,000 federal share. This adjustment reflects actual historical spending patterns and reductions to training, customer service, ombudsperson, client outreach and other departmental initiatives. In addition, the availability of \$55,343,000 in federal incentives has been reflected in the federal share, and SGF was reduced by the same amount.

EDP M&O:

- The LCSAs' EDP M&O costs of \$111,331,000 for SFY 2002-03 and \$115,362,000 for SFY 2003-04, were based on information provided through the individual county funding request which is reflected in the most recent As-Needed Advance Planning Document Update (APDU).

Basic Costs:

- The combined total of Administration and EDP M&O for SFY 2002-03 is \$861,111,000 and for SFY 2003-04 is \$825,020,000.

FUNDING:

Funding for this premise consist of 34 percent state and federal incentives and 66 percent federal matching funds.

Local Child Support Agency Basic Costs

CHANGE FROM NOVEMBER:

There are no changes, except for updating federal incentives in SFY 2003-04.

REASON FOR YEAR-TO-YEAR CHANGE:

For SFY 2003-04, the decrease is due to lower revenues and increased demands on the SGF. Effective State Fiscal Year (SFY) 2003-04, the subvention tables no longer display a county share of costs. Instead, costs are reflected as both state and federal shares to more accurately reflect the program funding sources.

EXPENDITURES:

(in 000's)

	2002-03	2003-04
	<u>LCSA Admin.</u>	<u>LCSA Admin.</u>
Total	\$861,111	\$825,020
Federal	568,192	599,715
State	0	225,305
County	292,919	0
Reimbursements	0	0

EDP Conversion and Enhancements

DESCRIPTION:

This premise reflects the costs associated with converting the local child support agencies (LCSA) interim Child Support Enforcement (CSE) systems. It also includes costs to enhance systems to meet additional Federal and State regulatory, policy and reporting requirements.

The California Department of Child Support Services (DCSS) is responsible for ensuring all LCSAs will have an automation system that will allow them to continue their child support services while the single statewide automated child support system is being developed and implemented.

IMPLEMENTATION DATE:

This premise was implemented April 1, 1998.

KEY DATA/ASSUMPTIONS:

- Authorizing statute: Welfare and Institution (W&I) Code Section 10085
- The funding assumptions for State Fiscal Year (SFY) 2002-03 and SFY 2003-04 are consistent with W&I Code 10085 and reflect the State sharing in the LCSAs' cost to meet mandated requirements and to convert to viable systems.

Conversions

- Effective July 1, 2000, the federal government recognized BEST and CHASER as approved interim child support systems via a waiver process. Beginning July 2002, DCSS identified significant improvements and efficiencies needed in automation, including standardization, reducing redundant systems, and improving uniformity in business processes. Based on the most recent approved As-Needed Advanced Planning Document Update (APDU), DCSS plans to move the existing BEST (Alameda, Contra Costa, and Stanislaus) and CHASER (San Mateo, Marin, Nevada, and Lassen) LCSA members to the CASES consortium. This would result in the following four consolidated approved interim CSE systems:
 - Computer Assisted Support Enforcement System (CASES);
 - Support Through Automated Resources/Keeping Integrated Data on System (STAR/KIDS);
 - Automated Child Support Enforcement System (ACSES) Replacement System (ARS);
 - KIDZ.

EDP Conversion and Enhancements

KEY DATA/ASSUMPTIONS (continued):

- The conversion costs occur during SFY 2002-03 and SFY 2003-04 .
- Costs include expenses incurred by the LCSA and/or the consortia to convert the seven LCSAs from their existing legacy systems to the federally approved CASES consortium system. Total funding request for conversion activities equal \$2,062,000 for SFY 2002-03 and \$7,374,000 for SFY 2003-04.
- The conversions activities were delayed due to a late approval of the SFY 2002-03 budget and contract negotiation.

Enhancements

- Enhancements needed for federal and state mandates, and other business needs, are included in this premise. Total funding request for enhancement activities equal \$2,184,000 for SFY 2002-03 and \$7,429,000 for SFY 2003-04.

METHODOLOGY:

- The data for this estimate are from the following sources:
 - Based on federal guidelines and DCSS's direction, critical mandated enhancements were selected to be accomplished during SFY 2002-03. Further, DCSS directed consortia to provide updated cost estimates for selected enhancements for the year. For SFY 2003-04, DCSS will continue to work with consortia to identify selected system enhancements based again on federal guidelines and critical state and federal mandates. DCSS will provide a summary of enhancements to the consortia, and DCSS will request consortia to provide cost projections. Enhancement estimates for SFY 2003-04 are based on the Implementation Advanced Planning Document (IAPD) submitted April 2003.
 - All conversion estimates (conversion, data cleanup, and training) for SFYs 2002-03 and 2003-04 are based on historical experience gained from previous conversions, and updated LCSA/consortia input.

FUNDING:

Costs for this premise are shared 66 percent federal and 34 percent State General Fund (SGF). The enhancement requests were prioritized based on the criticality of each project within the authorized SGF and approved Federal Financial Participation (FFP) levels.

CHANGE FROM NOVEMBER:

For SFY 2002-03, there is a shift of conversion funds from SFY 2002-03 to SFY 2003-04 to reflect the delayed conversion activities.

EDP Conversion and Enhancements

REASON FOR YEAR-TO-YEAR CHANGE:

The increase for SFY 2003-04 reflects costs expected for enhancements and conversions based on the IAPD submitted in April 2003. At this time, projections for enhancement activities have not been defined since projections are based on state and federal mandates.

EXPENDITURES:

(in 000's)

	2002-03	2003-04
	<u>LCSA Admin.</u>	<u>LCSA Admin.</u>
Total	\$4,246	\$14,803
Federal	2,802	9,771
State	1,444	5,032
County	0	0
Reimbursements	0	0

Alternative Federal Penalty

DESCRIPTION:

This premise reflects the alternative federal penalty for failure to complete the Statewide Automated Child Support System (SACSS) by the required date. Federal law mandated that each state develop and implement a single statewide automated child support system by October 1, 1997.

Due to the failure of SACSS, the Department of Child Support Services (DCSS) became subject to federal fiscal penalties. Pursuant to Public Law 105-200, the Child Support Performance and Incentive Act of 1998, allows the Secretary of the Department of Health and Human Services to waive current penalties and impose an alternative penalty if states have made good faith efforts to meet the federal automation requirements.

Under the alternative penalty, DCSS is penalized four percent of federal Child Support Enforcement Program administrative funds for Federal Fiscal Year (FFY) 1998, eight percent for FFY 1999, 16 percent for FFY 2000, 25 percent for FFY 2001, and 30 percent for FFY 2002 and each subsequent year, until the requirements are met.

IMPLEMENTATION DATE:

This premise was implemented in State Fiscal Year (SFY) 1999-00.

KEY DATA/ASSUMPTIONS:

- Authorizing statute: Welfare and Institutions Code Section 10088(a).
- The FFY 1998 federal penalty imposed was based on the FFY 1997 administrative expenditures (\$299,102,000).
 - The FFY 1998 federal penalty rate was four percent.
- The FFY 1999 federal penalty imposed was based on the FFY 1998 administrative expenditures (\$336,854,000).
 - The FFY 1999 federal penalty rate was eight percent.
- The FFY 2000 federal penalty imposed was based on the FFY 1999 administrative expenditures (\$406,251,000).
 - The FFY 2000 federal penalty rate was 16 percent.
- The FFY 2001 federal penalty imposed was based on the FFY 2000 administrative expenditures (\$443,987,000).
 - The FFY 2001 federal penalty rate was 25 percent.

Alternative Federal Penalty

KEY DATA/ASSUMPTIONS (continued):

- The FFY 2002 federal penalty imposed is based on the FFY 2001 administrative cost (\$524,840,000).
 - The FFY 2002 federal penalty is 30 percent.
- The FFY 2003 federal penalty imposed is based on the FFY 2002 administrative cost (\$632,054,000).
 - The FFY 2003 federal penalty is 30 percent.
- The FFY 2004 federal penalty imposed is based on the estimated FFY 2003 administrative cost (\$695,260,000) which was developed by applying a growth rate to the estimated FFY 2002 administrative expenditures.
 - The FFY 2003 federal penalty is 30 percent.

METHODOLOGY:

- The SFY 2002-03 cost of \$189,616,000 reflects the federal penalty imposed for FFY 2003, which was based on the Administration for Families and Children (ACF) letter dated, April 17, 2003. The cost was calculated by applying the FFY 2003 penalty rate of 30 percent against the FFY 2002 administrative expenditures of \$632,054,000.
- The SFY 2003-04 penalty estimated to be \$208,578,000 reflects the federal penalty for FFY 2004. This was calculated by applying a growth rate to the FFY 2002 administrative expenditures resulting in an estimated FFY 2003 administrative expenditures of \$695,260,000. This was then multiplied by the FFY 2004 penalty rate of 30 percent.

FUNDING:

The federal penalty costs are funded with 100 percent State General Fund (SGF). (See description under County Share of Alternative Federal Penalty).

CHANGE FROM NOVEMBER:

The SFY 2002-03 cost was revised based on actual FFY 2002 administrative expenditures.

The SFY 2003-04 cost was updated based on estimated FFY 2003 administrative expenditures.

Alternative Federal Penalty

REASON FOR YEAR-TO-YEAR CHANGE:

The penalty imposed in SFY 2003-04 is higher based on an estimated growth in administrative expenditures for FFY 2003.

EXPENDITURES:

(in 000's)

	2002-03	2003-04
	<u>LCSA Admin.</u>	<u>LCSA Admin.</u>
Total	\$189,616	\$208,578
Federal	0	0
State	189,616	208,578
County	0	0
Reimbursements	0	0

Health Insurance Incentives

DESCRIPTION:

This premise reflects the \$50 administrative incentive payment to the local child support agencies (LCSA) Title IV-D program for identifying and obtaining third-party health coverage or insurance of beneficiaries available through non-custodial parents' health benefit plans. The costs for the administrative activities to identify and obtain health insurance coverage are funded within the LCSA basic administrative costs. The LCSA's can use the incentive funding for any child support related costs as long as the funding is used within two years, unless a long term plan for the expenditure of the incentive is approved by the State.

Pursuant to Welfare and Institution Code (W&I) Code Section 14124.93, the Department of Child Support Services shall provide payments to the LCSA of \$50 per case for obtaining third-party health coverage or insurance for applicants or recipients of Title IV-D services. A \$50 administrative incentive payment is paid once the health insurance coverage is obtained by the LCSA and the California Department of Health Services (CDHS) has been notified.

Health insurance includes medical, dental, and vision coverage. Costs recovered through the health insurance coverage for Temporary Assistance For Needy Families (TANF)/Medi-Cal recipients are used to offset the costs of Medi-Cal benefits. Health insurance coverage for non-TANF cases results in cost avoidance of Medi-Cal expenditures. CDHS separately estimates budget savings related to this premise.

IMPLEMENTATION DATE:

This premise was implemented October 1, 1993.

KEY DATA/ASSUMPTIONS:

- Authorizing statute: W&I Code Section 14124.93.
- In SFY 2002-03 and SFY 2003-04, the Health Insurance Incentives were suspended due to lower revenues and other demands on the State General Fund (SGF) as a result of Assembly Bill 444 (Chapter 1022, Statutes of 2002). The Administration proposes to suspend Health Insurance Incentives for three years commencing in SFY 2003-04.

METHODOLOGY:

- The SFY 2002-03 and SFY 2003-04 funding were suspended due to lower revenues and other demands on the SGF.

FUNDING:

Costs for this premise are funded with 100 percent SGF.

Health Insurance Incentives

CHANGE FROM NOVEMBER:

There is no change.

REASON FOR YEAR-TO-YEAR CHANGE:

There is no change.

EXPENDITURES:

(in 000's)

	2002-03	2003-04
	<u>LCSA Admin.</u>	<u>LCSA Admin.</u>
Total	\$ 0	\$0
Federal	0	0
State	0	0
County	0	0
Reimbursements	0	0

Partners For Fragile Families

DESCRIPTION:

This premise reflects the provision of budget authority to Los Angeles County to receive federal funds for the Partners for Fragile Families (PFF) Demonstration Project. The federal grant is under provisions of Sections 454(1) and (2) of Title IV-D of the Social Security Act.

The purpose of the demonstration is to test the value and utility for the Child Support Enforcement Program of certain community-based services for young unmarried fathers to enable them better to provide financial, medical, and emotional support for their children and to encourage the formation or continuation of supportive relationships with the mothers of their children.

IMPLEMENTATION DATE:

This premise was implemented July 1, 2000.

KEY DATA/ASSUMPTIONS:

- Authorizing statute: Welfare and Institution Code Section 18205.
- This is a three-year demonstration project from July 1, 2000 through June 30, 2003.
- The State Fiscal Year (SFY) 2001-02 federal financial participation (FFP) of the project cost was \$350,000.
- The FFP of the project cost for SFY 2002-03 is \$300,000.
- The FFP of the project cost for SFY 2003-04 is zero.
- The 34 percent matching funds are provided by the Ford Foundation.

METHODOLOGY:

- The Administration for Children and Families provided the amount of the FFP in their letter, dated March 29, 2000.

FUNDING:

The cost is funded 66 percent federal Title IV-D funds, and 34 percent matching funds from the Ford Foundation.

CHANGE FROM NOVEMBER:

There is no change.

Partners For Fragile Families

REASON FOR YEAR-TO-YEAR CHANGE:

The project ends June 30, 2003, therefore there is no cost in SFY 2003-04.

EXPENDITURES:

(in 000's)

	2002-03 <u>LCSA Admin.</u>	2003-04 <u>LCSA Admin.</u>
Total	\$300	\$0
Federal	300	0
State	0	0
County	0	0
Reimbursements	0	0

Child Support Assurance Demonstration Project Evaluation

DESCRIPTION:

This premise requests the reimbursement authority to fund the costs associated with the evaluation contract for the Child Support Assurance (CSA) Demonstration Project, which is budgeted at California Department of Social Services (CDSS) within their TANF Pass-Through to Other State Agencies premise.

Effective January 1, 2001, the California Department of Child Support Services (DCSS) assumed responsibility for the CSA evaluation. The Legislature transferred the CSA Demonstration Project to DCSS pursuant to Article 5 (commencing with Section 18241) of Chapter 3.3 of part 6 of the Welfare and Institutions (W&I) Code and the Family Code Section 17211.

The CSA Demonstration Project tests the idea of providing families, who have child support orders, a guaranteed, minimum monthly child support payment. This project will jointly operate in San Francisco's local child support agency (LCSA) and San Francisco Health and Human Services Agency (SF-HHSA) for a three-year implementation. The evaluation will determine if CSA is an effective means to increase the number of families who become economically self-sufficient as a viable financial alternative program to welfare and has the potential to become a statewide program.

IMPLEMENTATION DATE:

This premise was implemented January 1, 2001.

KEY DATA/ASSUMPTIONS:

- Authorizing statute: W&I Code Sections 18241 through 18247.
- The CSA project period is January 1, 2001 through June 30, 2005.

METHODOLOGY:

- The funding level is based on the proposed budget as submitted by the contractor, Acumen, LLC.

FUNDING:

The cost is 100 percent reimbursed by CDSS.

Child Support Assurance Demonstration Project Evaluation

CHANGE FROM NOVEMBER:

In SFY 2002-03, the decrease is due to the delay in implementation of the CSA project because of budget reductions at the local level.

For SFY 2003-04, there is no change.

REASON FOR YEAR-TO-YEAR CHANGE:

The increase in SFY 2003-04 is due to the delay of implementation and the cost shifts to SFY 2003-04.

EXPENDITURES:

(in 000's)

	2002-03 <u>LCSA Admin.</u>	2003-04 <u>LCSA Admin.</u>
Total	\$0	\$321
Federal	0	0
State	0	0
County	0	0
Reimbursements	0	321

Foster Parent Training Fund Transfer

DESCRIPTION:

This premise reflects the Foster Parent Training Fund Transfer. Welfare and Institutions (W&I) Code Section 903.7(b) provides that the difference between the net state share of the estimated child support foster care (FC) collections and the base level of the FC estimated state share of total child support collections be transferred to the Foster Children and Parent Training Fund but not to exceed \$3.0 million.

The program is administered by the community colleges, in consultation with the California State Foster Parents Association and the California Department of Social Services.

IMPLEMENTATION DATE:

This premise was implemented July 1, 1981.

KEY DATA/ASSUMPTIONS:

- Authorizing statute: W&I Code Section 903.7(b).
- The FC estimated state share of collections, based on the sum of the estimated state share of basic distributed collections and the state share of all of the child support collections premises, is \$13,066,000 for State Fiscal Year (SFY) 2002-03, and \$12,596,000 for SFY 2003-04.
- The FC estimated state share of incentives is \$6,141,000 for SFY 2002-03, and \$6,463,000 for SFY 2003-04 .
- The FC state share of collections base level cannot exceed \$3,750,000 each year based on the W&I Code Section 903.7(b).
- Effective SFY 2002-03, the amount to be transferred to the Foster Children and Parent Training Fund in a state fiscal year will not exceed \$3.0 million pursuant to Assembly Bill 444 (Chapter 1022, Statutes of 2002).
- In SFY 2003-04, legislation is proposed to eliminate the transfer to the Foster Children and Parent Training Fund due to lower revenues and other demands on the State General Fund (SGF).

METHODOLOGY:

- The Foster Parent Training Fund Transfer estimate is the difference between the net state share of the estimated FC collections and the base level of the FC estimated state share of total collections. The total estimated state share of FC collections is \$13,066,000 for SFY 2002-03, and \$12,596,000 for SFY 2003-04.

Foster Parent Training Fund Transfer

METHODOLOGY (continued):

- For SFY 2002-03, the net state share of FC collections, which is \$6,925,000, is the result of deducting the estimated state share of FC incentives, which is \$6,141,000 from the estimated state share of total FC collections. The base level of \$3,750,000 is then subtracted from the net share of FC collections to identify the amounts eligible for transfer to the Foster Parent Training Fund which is \$3,175,000. Since the amount transferred in a state fiscal year cannot exceed \$3 million; only \$3 million will be transferred.
- For SFY 2003-04, the amount transferred was reduced to zero as a result of the proposed elimination of this premise.

FUNDING:

The amount transferred to the Foster Children and Parent Training Fund is derived from the state share of Foster Care Collections which is 100 percent SGF.

CHANGE FROM NOVEMBER:

The estimate was updated for the most recent estimated FC collections and incentives for SFY 2002-03.

REASON FOR YEAR-TO-YEAR CHANGE:

SFY 2003-04 was reduced to zero as a result of proposed legislation to eliminate this premise due to lower revenues and other demands on the SGF.

REVENUES:

(in 000's)

	2002-03 <u>Revenues</u>	2003-04 <u>Revenues</u>
Total	-\$3,000	\$ 0
Federal	0	0
State	-3,000	0
County	0	0
Reimbursements	0	0

Title IV-E Child Support Collections

DESCRIPTION:

This premise reflects the estimated federal share (Title IV-E) of Foster Care (FC) collections that reduces the federal share of FC expenditures at California Department of Social Services (CDSS).

The California Department of Child Support Services (DCSS) is responsible for reimbursing CDSS with the federal share of FC collections as reported to the federal government.

IMPLEMENTATION DATE:

This premise was implemented July 1, 2000.

KEY DATA/ASSUMPTIONS:

- It is assumed that 7.28 percent of the total assistance child support distributed collections are FC collections and 56.4 percent of the foster care collections are federally eligible. This is based on actual updated collection data reported on the CS 800 Reports, Summary Reports of Child and Spousal Support Payments for July 2001 through June 2002.
- For SFY 2002-03, the Federal Medical Assistance Percentage (FMAP) is assumed to be 51.40 percent for the July 1, 2002 through September 30, 2002, and 50.0 percent for the period of October 1, 2002 through June 30, 2003.
- For SFY 2002-03 and the September quarter of SFY 2003-04 only the current Title IV-E child support collections will reduce the federal share of FC expenditures at DCSS.
- For SFY 2003-04, the FMAP is assumed to be 50.0 percent for the period of July 1, 2003 through June 30, 2004.
- Effective October 1, 2003, (impacting the last three quarters of SFY 2003-04) both the current and former Title IV-E Child Support Collections will reduce the federal share of FC expenditures at DCSS.

METHODOLOGY:

- For SFY 2002-03, the FC share of collections percentage (7.28 percent) was applied to the estimated collections. The result was multiplied by the federal participation rate of 56.4 percent for each premise. The FMAP rate was then applied. In order to forecast the Title IV-E share, the funding was multiplied by the ratio of current FC collections (53.0 percent) to total FC collections. This resulted in a forecast of \$6,864,000 .

Title IV-E Child Support Collections

METHODOLOGY (continued):

- For SFY 2002-03, the funding is shown as an administrative cost pass-through in the DCSS' budget and as an expenditure reduction in the CDSS' budget under FC Net Payments.
- For SFY 2003-04, the FC share of collections percentage (7.28 percent) was applied to the estimated collections. The result was multiplied by the federal participation rate of 56.4 percent for each premise. The FMAP rate was then applied. The ratio of assistance collections for the July-September quarter of 21.9 percent to the annual assistance collections was used to forecast first quarter collections. In order to forecast the Title IV-E share for the first quarter, the funding was multiplied by the ratio of current FC collections (53.0 percent) to total FC collections. The remaining estimated three quarters of both current and former federal Foster Care collections were then added to the first quarter's estimate. This resulted in a forecast of \$11,089,000.
- For SFY 2003-04 the funding is reflected as a revenue transfer in the Child Support Revenues, Transfers and Collections tables and as an expenditure reduction in the CDSS' budget.

FUNDING:

This premise is funded at the FMAP rate.

CHANGE FROM NOVEMBER:

For SFY 2002-03, this premise decreased as a result of updating the estimated collections. The increase for SFY 2003-04 is a result of the change in including former Title IV-E Foster Care collections effective October 1, 2003.

REASON FOR YEAR-TO-YEAR CHANGE:

The SFY 2003-04 estimate increased due to the change in the reporting requirements of federal FC collections. In addition, Title IV-E Child Support Collections are reflected as a revenue transfer in the Child Support Revenues, Transfers and Collections tables.

Title IV-E Child Support Collections

EXPENDITURES:

(in 000's)

	2002-03	2003-04
	<u>LCSA Admin.</u>	<u>LCSA Admin.</u>
Total	\$6,864	\$0
Federal	6,864	0
State	0	0
County	0	0
Reimbursements	0	0

REVENUES:

(in 000's)

	2002-03	2003-04
	<u>Revenues</u>	<u>Revenues</u>
Total	\$0	\$-11,089
Federal	0	-11,089
State	0	0
County	0	0
Reimbursements	0	0

Child Support Basic Incentives

DESCRIPTION:

This premise reflects the federal and state child support incentives. These incentives provide the non-federal matching funds for the Child Support Program.

Effective October 1, 1999, the methodology for calculating state entitlement for federal child support incentives was changed by Public Law (PL) 105-200, the Child Support Performance and Incentive Act of 1998. The federal incentives that will be passed-on to California local child support agencies (LCSAs) are based on the five performance measures. Furthermore, effective July 1, 1999, Assembly Bill (AB) 1111 (Chapter 147, Statutes of 1999) changed the way state child support incentives will be paid to counties. State incentives, subject to appropriation of funding in the annual Budget Act, will now be used to fund net LCSA administrative expenditures, after federal financial participation and federal incentives have been deducted.

Pursuant to AB 1111, a flat rate of 13.6 percent of statewide distributed collections must be used to establish the funding pool in each state fiscal year, subject to the appropriation of funding in the annual Budget Act. This pool comprises a combination of both federal and state incentive dollars available to fund LCSA administrative expenditures and recurring and non-recurring electronic data processing maintenance and operation automation costs. The State's incentives are what remains of the 13.6 percent incentive pool after deducting estimated federal incentives.

IMPLEMENTATION DATE:

- AB 1111 implemented changes to California's child support incentive methodology effective July 1, 1999.
- PL 105-200 implemented changes to the federal child support incentive methodology effective October 1, 1999.

KEY DATE/ASSUMPTIONS:

- Authorizing statute: Family Code Section 17704.
- The combined federal and state incentive payments shall be 13.6 percent of the distributed collections. Distributed collections are those actually received by families or agencies providing assistance.

Child Support Basic Incentives

KEY DATA/ASSUMPTIONS (continued):

- The federal government pays incentives based on PL 105-200 using the following criteria:

1. The State's Collection Base

The federal incentive methodology gives a weight of two for all distributed collections made in current and former assistance cases. The Federal Fiscal Year (FFY) 2002 distributed collections were used from the Child Support Enforcement Program Quarterly Report of Collections (OCSE 34) reports. The formula is as follows:

$$2 \times (\text{Current Support Collections} + \text{Former Assistance Collections}) + \text{Never Assistance Collections} = \text{the State Collection Base}$$

2. Performance Factors

The federal incentive methodology considers program performance in five areas to determine each performance level:

- Paternities Established
- Support Orders Established
- Current Support Collected

(The above three performance factors may each earn up to a performance level of 1.00 percent of the collection base.)

- Cases Paying on Arrears
- Cost-Effectiveness

(The above two performance factors may each earn up to a performance level of 0.75 percent of the collection base.)

3. The Incentive Base Amount

Each performance level is multiplied by the collection base for each performance factor which results in an incentive base amount.

4. Comparison with Other States

The sum of all states' incentive base amounts is divided into each state's incentive base amount to determine California's percentage of the available federal pool.

Child Support Basic Incentives

KEY DATA/ASSUMPTIONS (continued):

5. The Available Federal Incentive Pool

PL 105-200 established a set pool of available incentive funds for each federal fiscal year (FFY) through FFY 2008. After FFY 2008, the available pool of federal incentive funds will be determined using the Consumer Price Index. Following are the statutorily set pool amounts for each federal fiscal year:

- FFY 2000 \$422,000,000
- FFY 2001 \$429,000,000
- FFY 2002 \$450,000,000
- FFY 2003 \$461,000,000
- FFY 2004 \$454,000,000
- FFY 2005 \$446,000,000
- FFY 2006 \$458,000,000
- FFY 2007 \$471,000,000
- FFY 2008 \$483,000,000

6. Determining the States Incentive Entitlement

California's percentage of the available pool, as determined in number 5, is multiplied by the available federal pool for each performance level in the applicable federal fiscal year to determine California's entitlement to federal incentives. Then each performance level federal incentives amount is cumulated. It is assumed that California would be entitled to \$55,343,000 federal incentives in State Fiscal Year (SFY) 2002-03 and SFY 2003-04.

METHODOLOGY:

- The state and federal incentive costs are projected on 13.6 percent of estimated distributed collections. For SFY 2002-03, distributed collections are estimated at \$700,940,000 for assistance and \$1,564,112,000 for nonassistance for a combined total of \$2,265,052,000. However, the SFY 2002-03 incentive pool was not updated based on the updated estimated collections, but held at the Appropriation level. In SFY 2003-04, the collections are estimated at \$697,521,000 for assistance and \$1,685,260,000 for nonassistance for a combined total of \$2,382,781,000. However, the SFY 2003-04 incentive pool was not updated based on the updated estimated collections, but held flat at the SFY 2002-03 incentive pool level.

Child Support Basic Incentives

METHODOLOGY (continued):

- The federal incentives are estimated using the methodology under PL 105-200. The federal incentives are \$55,343,000 for SFY 2002-03 and SFY 2003-04.
- The state incentives are what remains of the 13.6 percent pool after deducting estimated federal incentives. For SFY 2002-03, the incentive funding pool is \$292,919,000. Deducting the federal incentive of \$55,343,000 leaves a state incentive of \$237,576,000.
- For SFY 2003-04, the incentive funding pool estimate is \$317,718,000. Deducting the estimated federal incentives of \$55,343,000 leaves a state incentive of \$262,375,000. However, the state incentives are proposed to be reduced by \$37,070,000 due to lower revenues and other demands on the State General Fund (SGF). This results in a net amount of \$225,305,000.

FUNDING:

The federal incentives are estimated using the methodology under PL 105-200. The State incentives are what remains of the 13.6 percent incentive pool after deducting estimated federal incentives, and subject to the annual Budget Act appropriation. State incentives were adjusted due to lower revenues and other demands on the SGF. The federal and state incentives will fund the county share of administrative costs incurred by LCSAs.

CHANGE FROM NOVEMBER:

For SFY 2002-03, the federal incentives increased and the state incentives decreased due to updating the federal criteria with the most recent actual data.

For SFY 2003-04, the incentive pool amount was retained at the SFY 2002-03 level.

REASON FOR YEAR-TO-YEAR CHANGE:

There is no change to the federal incentives.

In addition, for SFY 2003-04, the federal incentives are reflected on a separate premise line, called Federal Performance Basic Incentives. The state incentives are reflected as a General Fund net amount on the Local Child Support Agency Basic Costs premise line.

Child Support Basic Incentives

EXPENDITURES:

(in 000's)

	2002-03	2003-04*
	<u>LCSA Admin.</u>	<u>LCSA Admin.</u>
Total	\$0	\$0
Federal	55,343	55,343
State	237,576	-55,343
County	-292,919	0
Reimbursements	0	0

* Effective for SFY 2003-04, the federal incentives are reflected as a non-add premise line, Federal Performance Basic Incentives, for display purposes only. The state incentives are reflected as a SGF net amount on the Local Child Support Agency Basic Costs premise line.

Data Reliability Audit

DESCRIPTION:

This premise reflects the adjusted federal incentive grant amount awarded to California as a result of the completed data reliability audit for all states reported.

Public Law 105-200 required that the five performance measures data that are reported annually by the states to the Administration of Families and Children (ACF) to be determined complete and reliable through an audit. Failure to meet the data reliability standard in a given performance measure by a state would result in a reduction of federal incentives. Any loss of incentives would be distributed to other states who met the standard.

IMPLEMENTATION DATE:

This premise was implemented September 2001.

KEY DATA/ASSUMPTIONS:

The data reliability audit was based on federal review of California's FFY 2001 five performance measures as reported on the OCSE 157, Child Support Enforcement Annual Data Report.

METHODOLOGY:

The awarded federal incentive negative amount of \$3,167,000 was determined by ACF in calculating the differences between the amount of incentives earned by California as a result of the completed audit for all states and the amount of incentives that California reported for FFY 2001.

FUNDING:

The November 12, 2002 grant award letter from ACF indicated less federal incentives were earned by California as a result of the completed audit for all states and the amount of incentives that California reported for FFY 2001.

CHANGE FROM NOVEMBER:

There is no change in SFY 2002-03.

REASON FOR YEAR-TO-YEAR CHANGE:

There is no cost in SFY 2003-04.

Data Reliability Audit

EXPENDITURES:

(in 000's)

	2002-03	2003-04
	<u>LCSA Admin.</u>	<u>LCSA Admin.</u>
Total	\$0	\$0
Federal	-3,167	0
State	3,167	0
County	0	0
Reimbursements	0	0

Improved Performance Incentives (FC 17706)

DESCRIPTION:

This premise reflects the incentives paid to the local child support agencies (LCSAs) to be used for specified child support-related activities. Assembly Bill (AB) 196 (Chapter 478, Statutes of 1999) authorized a payment of an additional five percent of the state's share of the LCSA's collections to the LCSA with the ten highest welfare and post welfare collections.

Effective July 1, 2001, AB 429 (Chapter 111, Statutes of 2001) changed the payment criteria to be based on the ten highest rankings of the federal performance measures. Four of the federal performance measures were used to rank all LCSAs: Paternity Establishment Percentage, Cases with Support Orders, Collections on Current Support, and Cases with Collections on Arrears.

IMPLEMENTATION DATE:

This premise was implemented July 1, 2000.

KEY DATA/ASSUMPTIONS:

- Authorizing statute: Family Code Section 17706.
- In SFY 2002-03 the Improved Performance Incentives was suspended for one year due to lower revenues and other demands on the State General Fund (SGF) as a result of Assembly Bill 444 (Chapter 1022, Statutes of 2002).
- Commencing with SFY 2003-04, the Administration is proposing legislation to suspend Improved Performance Incentives for three additional years.

METHODOLOGY:

- In SFY 2002-03 the Improved Performance Incentives was suspended for one year due to lower revenues and other demands on the SGF.
- Commencing with SFY 2003-04 the Administration is proposing legislation to suspend Improved Performance Incentives for three additional years.

FUNDING:

These costs are 100 percent SGF.

CHANGE FROM NOVEMBER:

There is no change.

Improved Performance Incentives (FC 17706)

REASON FOR YEAR-TO-YEAR CHANGE:

There is no change.

EXPENDITURES:

(in 000's)

	2002-03	2003-04
	<u>LCSA Admin.</u>	<u>LCSA Admin</u>
Total	\$0	\$0
Federal	0	0
State	0	0
County	0	0
Reimbursements	0	0

California Child Support Automation System

DESCRIPTION:

This premise reflects the federal funds pursuant to Assembly Bill (AB) 150 (Chapter 479, Statutes of 1999) as a pass through to Franchise Tax Board (FTB) for the development and implementation of the California Child Support Automation System (CCSAS).

Pursuant to Welfare and Institution (W&I) Code Section 10080(b)(3), FTB has been designated, as California Department of Child Support Services' (DCSS) agent, as the entity responsible for the procurement, development, implementation, and maintenance of the single statewide automated system in accordance with the state's child support (Title IV-D) plan.

Based on AB 150, the State General Fund (SGF) resources associated with statewide implementation, contract and consultant costs for new system planning and development, concept development and verification, project management and support, and independent verification and validation are budgeted by FTB. DCSS is the single state agency for the Title IV-D funds, therefore, federal funds for CCSAS are budgeted by DCSS and passed through as a reimbursement to FTB.

IMPLEMENTATION DATE:

This premise was implemented September 1999.

KEY DATA/ASSUMPTIONS:

Authorizing statute: W&I Code Section 10080(b)(3).

METHODOLOGY:

The CCSAS consists of two components – Child Support Enforcement (CSE) and State Disbursement Unit (SDU). Originally, both CSE and SDU were budgeted through Federal Information Technology (IT) Development Project funds. In July 2001, the project determined that the SDU procurement would be a service contract rather than an IT development. Subsequently, the Administration for Children and Families directed the project to separate the SDU costs from the CCSAS budget since it was no longer an IT development system.

FUNDING:

The Title IV-D federal funds pass through for CCSAS represents 66 percent funding for project planning costs.

California Child Support Automation System

FUNDING (continued):

- For the CSE component, the SFY 2003-04 estimated federal funds remain the same as SFY 2002-03 (\$13,058,000) until the Federal Feasibility Study (FS) has been reviewed and approved by Office of Child Support Enforcement (OCSE) and the State Feasibility Study Report (FSR) has been reviewed and approved by the Department of Finance (DOF). The estimate will be updated upon the reviews and approvals.
- For the SDU component, the estimated federal fund is \$517,000 for SFY 2002-03 and SFY 2003-04.

CHANGE FROM NOVEMBER:

There are no changes for SFY 2002-03 and SFY 2003-04.

REASON FOR YEAR-TO-YEAR CHANGE:

For SFY 2003-04, there is no change.

EXPENDITURES:

(in 000's)

	2002-03	2003-04
	<u>LCSA Admin.</u>	<u>LCSA Admin.</u>
Total	\$13,575	\$13,575
Federal	13,575	13,575
State	0	0
County	0	0
Reimbursements	0	0

Child Support Program – Basic Collections

DESCRIPTION:

This premise reflects the various sources of basic distributed child support collections that go directly to families. In addition, it reflects the amount of revenue collected on behalf of federal, state or counties for the recoupment of past welfare costs. Basic collections represent the ongoing efforts of the local child support agencies (LCSA) to collect child support payments from non-custodial parents and distribute those payments directly to families or to repay past welfare costs. Besides child support payment data, significant factors that affect basic collections include minimum awards, wage assignments, and intercepts. The Franchise Tax Board (FTB) non-tax collections and the \$50 State Disregard Payments to Families are reflected as separate premises.

KEY DATA/ASSUMPTIONS:

- Authorizing statute: Welfare and Institutions Code Section 11477.
- The child support payment data for assistance collections are based on the LCSAs' monthly CS 800 Reports, Summary Report of Child and Spousal Support Payments, beginning with July 2000 through June 2002. As of July 2002, the CS 34 Monthly Report of Collections and Distributions and the CS 35 Supplement to Monthly Report of Collections and Distribution were used to report Child Support payment data.
- The child support payment data for nonassistance are based on the LCSAs' monthly CS 820 Reports, Child/Family/Spousal and Medical Support Collections and Non-Assistance Distributions and Disbursements Summary, beginning with July 2000 through June 2002. As of July 2002, the CS 34 Monthly Report of Collections and Distributions and the CS 35 Supplement to Monthly Report of Collections and Distribution were used to report Child Support payment data.
- The child support collections to other states and miscellaneous collections data are based on the LCSAs' SFY 2001-02 CS 820 Reports. As of July 2002, the CS 34 Monthly Report of Collections and Distributions and the CS 35 Supplement to Monthly Report of Collections and Distribution were used to report Child Support payment data.

METHODOLOGY:

- Assistance actual distributed collections are reported monthly on the CS 800 and the CS 34/35 Reports. Actuals from the CS 800 and CS 34/35 Reports, \$50 Disregard payments to families, were used to construct a 30 month trend from July 2000 through December 2002. Seasonal adjustments were made to the data by using monthly dummy variables in the linear regression model.

Child Support Program – Basic Collections

METHODOLOGY (continued):

- Nonassistance actual distributed collections are reported monthly on the CS 820 and CS 34/35 Reports. Actuals from the CS 820 and CS 34/35 Reports were used to construct a 30 month trend from July 2000 through December 2002. Seasonal adjustments were made to the data by using monthly dummy variables in the linear regression model.
- Assistance Collections for Other States are reported on the CS 820 and CS34/35 Reports. For State Fiscal Year (SFY) 2002-03 and SFY 2003-04, the SFY 2001-02 updated actuals were held constant at \$8,143,000.
- Nonassistance Collections for Other States are reported on the CS 820 and CS 34/35 Reports. For SFY 2002-03 and SFY 2003-04, the updated SFY 2001-02 actuals were held constant at \$103,118,000.
- Miscellaneous Collections consists of Medical Support, Pass-On, and Excess Collections. Pass-On and Excess Collections are reported on the CS 800 and CS 35 report. Medical Support is reported on the CS 820 and CS 34 reports. For SFY 2002-03 and SFY 2003-04, the updated SFY 2001-02 actuals held constant for Medical Support, Excess and Pass-On assistance collections were held constant at a combined total of \$10,240,000. The Nonassistance Medical Support SFY 2001-02 actuals were held constant at \$1,191,000 for SFY 2002-03 and SFY 2003-04. These were combined to forecast Miscellaneous Collections for SFY 2002-03 and SFY 2003-04 of \$11,432,000.

FUNDING:

- Collections made on behalf of nonassistance families are forwarded directly to custodial parents.
- Collections made on behalf of other states are forwarded directly to other states for distribution.

Child Support Program – Basic Collections

FUNDING (continued):

- Collections for assistance families, less the \$50 disregard payment to families, are retained and serve as recoupment of costs. The assistance collections are shared based on the Federal Medical Assistance Percentage and the nonfederal sharing ratios. These percentages are reflected below:

<u>ASSISTANCE:</u>	July 2002 – Sept. 2002	Oct. 2002 – June 2004
Federal	51.40%	50.00%
State	46.17%	47.50%
County	2.43%	2.50%

ASSISTANCE

Nonfederal:

Federal	0.00%
State	95.00%
County	5.00%

<u>Foster Care (FC):</u>	July 2002 – Sept. 2002	Oct. 2002 – June 2004
Federal	51.40%	50.00%
State	19.44%	20.00%
County	29.16%	30.00%

FC Nonfederal:

Federal	0.00%
State	40.00%
County	60.00%

CHANGE FROM NOVEMBER:

The SFY 2002-03 estimate was updated for the most recent actual assistance distributed collections data from the CS 800 and CS 34/35 Reports and nonassistance distributed collections data from the CS 820 and CS 34 Reports.

REASON FOR YEAR-TO-YEAR CHANGE:

The SFY 2003-04 increase is due to the overall projected growth in combined collections based on historical trend.

Child Support Program – Basic Collections

EXPENDITURES:

(in 000's)

	2002-03 <u>Collections</u>	2003-04 <u>Collections</u>
Assistance Total	\$614,132	\$608,128
Federal	284,926	280,179
State	295,017	294,013
County	34,189	33,936
Other	0	0
-Nonassistance	1,406,356	1,521,013
Collections For Other States		
- Assistance	8,143	8,143
-Nonassistance	103,118	103,118
Miscellaneous Collections	11,432	11,432
Grand Total ^{1/}	\$2,143,181	\$2,251,834

^{1/} Grand Total does not include FTB Non-Tax Collections, \$50 Disregard, or other collections described in separate premise items.

\$50 State Disregard Payment to Families

DESCRIPTION:

This premise reflects the funds for the \$50 state disregard payments to families.

In addition to the California Work Opportunity and Responsibility to Kids (CalWORKs) grant, custodial parents also receive the first \$50 of the current month's child support payment collected from the absent parent. Under the provision of Public Law 104-193, the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, the federal government discontinued federal financial participation in the disregard payment to the family as of October 1, 1996. Forwarding the disregard portion of the collection to the family instead of retaining it as revenue to the state results in lost collection revenues.

IMPLEMENTATION DATE:

This premise was implemented in State Fiscal Year (SFY) 1984-85.

KEY DATA/ASSUMPTIONS:

- Authorizing statute: Family Code Section 17504.
- The child support payment data are based on the counties' monthly CS 800 Reports, Summary Report of Child and Spousal Support Payments, beginning with January 2001 through June 2002.

METHODOLOGY:

- The cost of the current \$50 disregard is reported monthly on the CS 800 Report. The disregard is paid when the current child support collection is distributed.
- The forecast was generated utilizing 18 months of data from the CS 800 Reports, from January 2001 through June 2002.
- The cost is counted toward the State's Temporary Assistance for Needy Families (TANF) maintenance of effort requirement (MOE).

FUNDING:

- The lost collection revenues associated with the \$50 disregard are 100 percent State General Fund.
- The costs are reflected in California Department of Social Services' budget as additional TANF/MOE expenditures.
- Costs are reflected in California Department of Child Support Services' collections tables to display amount of collections that are paid to the families.

\$50 State Disregard Payment to Families

CHANGE FROM NOVEMBER:

There is no change.

REASON FOR YEAR-TO-YEAR CHANGE:

There is no change.

EXPENDITURES:

(in 000's)

	2002-03	2003-04
	<u>Collections</u>	<u>Collections</u>
Total	\$27,569	\$27,569
Federal	0	0
State	0	0
County	0	0
Other	27,569	27,569

Franchise Tax Board Non-Tax Collections Program

DESCRIPTION:

This premise reflects the non-tax collections obtained by the Franchise Tax Board (FTB) resulting from the collections from cases that are delinquent in child support payments by 60 days pursuant to Senate Bill (SB) 542 (Chapter 480, Statutes of 1999), effective January 1, 2000. Assembly Bill (AB) 3589 (Chapter 1223, Statutes of 1992) implemented the project. The FTB sends demand for payment notices and processes bank, wage and miscellaneous levies on accounts for child support collections based on county referrals.

In addition, AB 702 (Chapter 697, Statutes of 1997) required a data match between the FTB and financial institutions doing business in the State. It's purpose was to discover and levy otherwise unknown assets of delinquent child support obligors. The data match was required by federal mandate, Public Law 104-193, the Personal Responsibility and Work Opportunity Reconciliation Act of 1996.

FTB program costs are funded through the Department's state operations at 66 percent federal financial participation and 34 percent State General Fund and are passed on to FTB through an interagency agreement.

IMPLEMENTATION DATE:

- March 1, 1993 – Non-Financial Institution Data Match (Non-FIDM)
- July 1, 1998 – Financial Institution Data Match (FIDM)

KEY DATA/ASSUMPTIONS:

- Authorizing statute: Family Code Section 17501; Revenue and Taxation Code Sections 19271.5(a) and 19271.6.
- The estimated collections were provided by FTB based on July 2002 through February 2003 actuals.
- The distribution ratio of 99.35 percent is based on the local child support agencies SFY 2001-02 monthly CS 800 Reports Summary Report of Child and Spousal Support Payments, and CS 820 Reports Child/Family/Spousal and Medical Support Collections and Non-Assistance Distributions and Disbursements Summary.
- The assistance ratio of 46.13 percent and the nonassistance ratio of 53.87 percent are based on SFY 2001-02 FTB's actual data.
- Manual collection efforts have been added at FTB to increase Child support collections on hard-to-collect cases.

Non-FIDM Collections

- Collections are based on demands, bank levies, wage levies, out-of-state referral notices, and out-of-state contract collections provided by FTB.

Franchise Tax Board Non-Tax Collections Program

KEY DATA/ASSUMPTIONS (continued):

FIDM Collections

- Collections are based on data provided by FTB as a result of initial banks and other financial institutions' participation.

METHODOLOGY:

Non-FIDM Collections

- The sum total of all the actions for Non-FIDM collections is \$60,600,000 for SFY 2002-03 and \$59,900,000 for SFY 2003-04.

FIDM Collections

- The estimated collections for FIDM are \$19,200,000 for SFY 2002-03 and \$19,000,000 for SFY 2003-04.

Other Collections

- Collections as a result of activities from manual collectors and automated call collectors efforts are estimated by FTB to be \$6 million in SFY 2002-03 and increase to \$12 million in SFY 2003-04.

Net Collections

- For SFY 2002-03, the combined total of non-FIDM collections (\$60,600,000), FIDM (\$19,200,000), and collections from activities of manual collectors (\$6,000,000), totals \$85,800,000. This total was multiplied by the distribution ratio of 99.35 percent to determine the distributed collections (\$85,242,300). This amount was multiplied by the assistance ratio of 46.13 percent resulting in an assistance collection amount of \$39,322,000. The distributed collection amount (\$85,242,300) was also multiplied by the nonassistance ratio of 53.87 percent resulting in a nonassistance collection amount of \$45,920,000.

Franchise Tax Board Non-Tax Collections Program

METHODOLOGY (continued):

- For SFY 2003-04, the combined total of non-FIDM collections (\$59,900,000), FIDM (\$19,000,000), and collections from activities of manual collectors (\$12,000,000), totals \$90,900,000. This total was multiplied by the distribution ratio of 99.35 percent to determine the distributed collections (\$90,309,000). This amount was multiplied by the assistance ratio of 46.13 percent resulting in an assistance collection amount of \$41,660,000. The distributed collection amount (\$90,309,000) was also multiplied by the nonassistance ratio of 53.87 percent resulting in an nonassistance collection amount of \$48,649,000.

FUNDING:

The assistance collections are shared based on the Federal Medical Assistance Percentage. These percentages are reflected below:

<u>ASSISTANCE:</u>	July 2002 – Sept. 2002	Oct. 2002 – June 2004
Federal	51.40%	50.00%
State	46.17%	47.50%
County	2.43%	2.50%

ASSISTANCE

Nonfederal:

Federal	0.00%
State	95.00%
County	5.00%

<u>Foster Care (FC):</u>	July 2002 – Sept. 2002	Oct. 2002 – June 2004
Federal	51.40%	50.00%
State	19.44%	20.00%
County	29.16%	30.00%

FC Nonfederal:

Federal	0.00%
State	40.00%
County	60.00%

Franchise Tax Board Non-Tax Collections Program

CHANGE FROM NOVEMBER:

The decrease in SFY 2002-03 and SFY 2003-04 compared to the November estimate is based on the most recent eight months of actual collections, which have decreased from SFY 2001-02. The decrease is attributed to the local child support agencies that are handling more cases with wage assignments as a result of the implementation of the Federal Case Registry.

REASON FOR YEAR-TO-YEAR CHANGE:

The SFY 2003-04 increase is due to the impact of increased collections from manual and automated call collection efforts.

EXPENDITURES:

(in 000's)

	2002-03	2003-04
	<u>Collections</u>	<u>Collections</u>
Assistance Total	\$39,322	\$41,660
Federal	18,243	19,194
State	18,890	20,141
County	2,189	2,325
Other	0	0
NonAssistance	45,920	48,649
Combined Total	\$85,242	\$90,309

Foster Care Collections Compromise (AB 1449)

DESCRIPTION:

Assembly Bill 1449 (Chapter 463, Statutes of 2001), Foster Care Compromise would assist families in reunification efforts by removing the financial barrier of unpaid child support debt. This premise reflects the anticipated lost revenue from foster care collections as a result of the Foster Care Collections Compromise. AB1449 permits the local child support agency to compromise an obligor's liability for public assistance debt in cases where the parent separated from a child who became the recipient of aid under AFDC-FC or CalWORKs program, when it has been determined that compromise is necessary for the family reunification.

IMPLEMENTATION DATE:

This premise was implemented October 1, 2002.

KEY DATA/ASSUMPTIONS:

- Authorizing statute: Family Code Section 17550.
- Family Reunification caseload (2,105) is from the California Department of Social Services (CDSS), May 2002 Revise, New Family Reunification Cases.
- The percentage of families that could reunite was estimated using the reunification rate (63 percent) of 1999 Child Welfare System/Case Management System data – Foster Care Termination Reasons. The percentage of families that do not reunite is the difference (37 percent). The percentage of families that do not reunite solely due to financial hardship cannot be determined.
- The distribution of cases between IV-E (Foster Care) (80 percent), and Non IV-E (20 percent) is based on CDSS data. IV-E eligibility is based on AFDC eligibility criteria (living in poverty) and child is deprived of parental support and care.
- Monthly child support payment data (\$189 IV-E, \$223 Non IV-E) is based on San Francisco county experience for August 2002. The percentage of current cases that are collectible (35 percent IV-E, 48 percent Non-IV-E) was also compared to actual payments received for the month of August 2002 in San Francisco county.
- Of the Non IV-E cases, it is assumed that fifty percent are living below the 250% Federal Poverty Level and therefore eligible for consideration of the Foster Care Compromise.
- All IV-E cases are assumed to be living below the Federal Poverty Level since it's an eligibility requirement of the IV-E program.
- Not all cases receive payments in any given month. A collectability rate was determined by data that compared the number of cases receiving a payment in a month with the number of cases eligible for a payment that month. This was calculated for IV-E cases and for Non IV-E cases.

Foster Care Collections Compromise (AB 1449)

METHODOLOGY:

- Average monthly new family reunification cases were multiplied by the percentage of families that have not reunited. This number was split using the IV-E and Non IV-E distribution.
- To determine eligibility for Foster Care Collections Compromise, the Non IV-E caseload was multiplied by fifty percent to reflect the estimated number of cases below the 250% Federal Poverty Level.
- The average monthly cases for both IV-E and Non IV-E caseload were multiplied by 45 casemonths to reflect 9 months of compromised collections for State Fiscal Year (SFY) 2002-03.
- The casemonths were then multiplied by \$189 average IV-E child support payment and \$223 average Non IV-E child support payment.
- Total potential collections were then multiplied by the collectability rate of 35 percent for IV-E cases and 48 percent for Non IV-E cases to reflect the potential collections that would be compromised.

FUNDING:

The foster care collections are shared based on the Federal Medical Assistance Percentage. These percentages are reflected below:

<u>Foster Care:</u>	July 2002 – Sept. 2002	Oct. 2002 – June 2004
Federal	51.40%	50.00%
State	19.44%	20.00%
County	29.16%	30.00%
<u>FC Nonfederal:</u>		
Federal	0.00%	
State	40.00%	
County	60.00%	

CHANGE FROM NOVEMBER:

There is no change.

Foster Care Collections Compromise (AB 1449)

REASON FOR YEAR-TO-YEAR CHANGE:

SFY 2003-04 reflects a full year impact.

EXPENDITURES:

(in 000's)

	2002-03	2003-04
	<u>Collections</u>	<u>Collections</u>
Total	\$-2,230	\$-3,865
Federal	-633	-1,090
State	-639	-1,110
County	-958	-1,665
Other	0	0

California Insurance Intercept Project Collections

DESCRIPTION:

This premise reflects the increased child support collections through the California Insurance Intercept Project (CIIP). CIIP is a new enforcement tool to intercept personal injury claims for past due child support obligations. Electronic matching between Department of Child Support Services' (DCSS) caseload and participating insurance companies will occur through Child Support Lien Network (CSLN).

The CSLN was developed in partnership with the vendor, Maximus and the state of Rhode Island, which was sponsored by the Federal Administration for Children and Families (ACF). CSLN is the only third party personal injury intercept program available today.

IMPLEMENTATION DATE:

This premise will be implemented December 2002.

KEY DATA/ASSUMPTIONS:

- Authorizing statute: Family Code Sections 5246 and 17522; and Code of Civil Procedure Section 708.140
- The following data was based on the other participating State's expenditures provided through CSLN:
 - The initial match rate of four percent in State Fiscal Year (SFY) 2002-03 was reduced to a two percent match rate to account for the remaining six months. This was due to the delay of implementation.
 - The match rate for SFY 2003-04 increased to three percent to account for the overlap of six months from SFY 2002-03.
 - The match rate thereafter will be an ongoing two percent.
 - The average claim amount per intercept is \$3,500.
 - Fifty percent of the total number of matches found are for claims that have already been settled and are no longer available for intercept (50 percent closure ratio).
- The number of cases (649,350) submitted is based on DCSS' Integrated Data Base (IDB).

California Insurance Intercept Project Collections

KEY DATA/ASSUMPTIONS (continued):

- The 99.35 percent distribution rate is based on SFY 2001-02 actual collections reported on the local child support agency (LCSA's) CS 800 Reports, Summary Report of Child and Spousal Support Payments and the CS 820 Reports, Child/Family/Spousal and Medical Support Collections and Non-Assistance Distributions and Disbursements Summary.
- The 33.34 percentage for assistance collections is based on the LCSA's monthly CS 800 Reports for SFY 2001-02.
- The 66.66 percentage for nonassistance collections is based on the LCSA's monthly CS 820 Reports for SFY 2001-02.
- The 50 percent for wage assignment is the maximum percentage California can collect.

METHODOLOGY:

- For SFY 2002-03 collections received, the total number of cases 649,350 was multiplied by the two percent match rate (12,987), reduced by the 50 percent closure rate (6,494), then multiplied by the average intercept claim of \$3,500 (\$22,729,000). Applied 50 percent for wage assignment which then equals total collections received of \$11,364,500. Then, the total collections received (\$11,364,500) was multiplied by the distribution ratio of 99.35 percent to determine the distributed collections (\$11,290,631). This amount was multiplied by the assistance ratio of 33.34 percent resulting in an assistance collection amount of \$3,764,296. The distributed collection amount (\$11,290,631) was also multiplied by the nonassistance ratio of 66.66 percent resulting in a nonassistance collection amount of \$7,526,334.
- For SFY 2003-04 collections received, the total number of cases 649,350 was multiplied by the three percent match rate (19,481), reduced by the 50 percent closure rate (9,740), then multiplied by the average intercept claim of \$3,500 (\$34,090,000). Applied 50 percent for wage assignment which then equals total collections received of \$17,045,000. Then, the total collections received (\$17,045,000) was multiplied by the distribution ratio of 99.35 percent to determine the distributed collections (\$16,934,208). This amount was multiplied by the assistance ratio of 33.34 percent resulting in an assistance collection amount of \$5,645,865. The distributed collection amount (\$16,934,208) was also multiplied by the nonassistance ratio of 66.66 percent resulting in a nonassistance collection amount of \$11,288,343.

California Insurance Intercept Project Collections

FUNDING:

The assistance collections are shared based on the Federal Medical Assistance Percentage. These percentages are reflected below:

<u>ASSISTANCE:</u>	July 2002–Sept. 2002	Oct. 2002–June 2004
Federal	51.40%	50.00%
State	46.17%	47.50%
County	2.43%	2.50%

ASSISTANCE Nonfederal:

Federal	0.00%
State	95.00%
County	5.00%

<u>Foster Care (FC):</u>	July 2002–Sept. 2002	Oct. 2002–June 2004
Federal	51.40%	50.00%
State	19.44%	20.00%
County	29.16%	30.00%

FC Nonfederal:

Federal	0.00%
State	40.00%
County	60.00%

CHANGE FROM NOVEMBER:

SFY 2002-03 and SFY 2003-04, the slight increase was due to the updated distribution ratio.

REASON FOR YEAR-TO-YEAR CHANGE:

SFY 2003-04, the increase is a result of the increased match rate and full year cost.

California Insurance Intercept Project Collections

EXPENDITURES:

(in 000's)

	2002-03	2003-04
	<u>Collections</u>	<u>Collections</u>
Assistance Total	\$3,764	\$5,646
Federal	1,746	2,601
State	1,808	2,730
County	210	315
Other	0	0
NonAssistance	\$7,526	\$11,288
Combined Total	\$11,290	\$16,934

Recovery of Excess Incentive Funds

DESCRIPTION:

This premise reflects the recovery of excess incentive funds from the local child support agencies (LCSA). These excess incentive funds were created when a LCSA revenue exceeded their annual expenditures.

Assembly Bill (AB) 150 (Chapter 479, Statutes of 1999) required any excess funds that have been, or are to be paid to any county for any fiscal year through 1998-99 (including interest earned on those funds) that have not been expended, encumbered, or made part of a written plan approved by the State to revert to the State General Fund (SGF). AB 150 also required Department of Child Support Services to contract with Department of Finance to conduct an audit of each LCSA to ensure that all excess incentive funds have been returned to the SGF.

IMPLEMENTATION DATE:

This premise was implemented July 1, 2002.

KEY DATA/ASSUMPTIONS:

- Authorizing statute: Family Code Section 17714.

METHODOLOGY:

Based on the dollar findings of the excess incentive fund reviews conducted to date and the payments received in State Fiscal Year (SFY) 2002-03, it is estimated that \$13,148,000 in excess incentive funds will be recovered, and in SFY 2003-04 it is estimated to be \$3,819,000.

FUNDING:

The recovery of excessive incentive funds are 100 percent SGF.

CHANGE FROM NOVEMBER:

The increase in SFY 2002-03 is based on the actual payments received.

The decrease in SFY 2003-04 is based on updated dollar findings for the remaining LCSAs to submit payment.

REASON FOR YEAR-TO-YEAR CHANGE:

SFY 2003-04 reflects the dollar findings for the remaining LCSAs that have not submitted payments in SFY 2002-03.

Recovery of Excess Incentive Funds

REVENUES:

(in 000's)

	2002-03	2003-04
	<u>Revenues</u>	<u>Revenues</u>
Total	\$13,148	\$3,819
Federal	0	0
State	13,148	3,819
County	0	0
Reimbursements	0	0

County Share of Alternative Federal Penalty

DESCRIPTION:

This premise reflects the county share of the alternative federal penalty as revenue to the State General Fund (SGF)(See Alternative Federal Penalty).

IMPLEMENTATION DATE:

This premise will be implemented in State Fiscal Year (SFY) 2003-04.

KEY DATA/ASSUMPTIONS:

- Due to lower revenues and other increased demands on the SGF, the Administration is proposing legislation to establish a methodology by which counties will reimburse the State 25 percent of the penalty paid to the federal government.

METHODOLOGY:

- For SFY 2003-04, the counties will reimburse the State 25 percent of the federal penalty, which is estimated to be \$52,144,000.
- Legislation will be proposed to specify the methodology by which each county will pay their share of the penalty.

FUNDING:

Counties are to remit payment within 30 days of the notice from the State.

CHANGE FROM NOVEMBER:

For SFY 2002-03, the decrease is due to the change in the implementation date.

For SFY 2003-04, the estimate was updated based on the estimated FFY 2003 Alternative Federal Penalty.

REASON FOR YEAR-TO-YEAR CHANGE:

The implementation is effective in SFY 2003-04.

County Share of Alternate Federal Penalty

REVENUES:

(in 000's)

	2002-03 <u>Revenues</u>	2003-04 <u>Revenues</u>
Total	\$0	\$52,144
Federal	0	0
State	0	52,144
County	0	0
Reimbursements	0	0